

Reviews of Federated States of Micronesia, Guam, Kiribati, and Marshall Islands are not included in this issue.

BELAU

The eighth compact plebiscite and related court cases, a national master plan project, and the push for compact implementation were the key events in Belau for 1993-94.

Besides voting for congressional and chief executive candidates in the November 1992 election, the people of Belau agreed, by a margin of 62 percent yes to 38 percent no, to amend their constitution, setting aside the 75 percent requirement for approval of the Compact of Free Association Agreement with the United States. What was striking in the plebiscite results is that only about half of Koror's voters accepted the amendment, whereas voters in the rural villages of Babeldaob, Kayangel, Peleliu, and Angaur islands voted nearly 70 percent yes on the change. In addition to internal factional feuding, the 75 percent constitutional requirement for agreements involving dangerous substances delayed compact approval for a decade.

In November 1993, the people of Belau voted for the eighth and, most likely, last time on the compact agreement, which provides Belau self-government, sovereignty, and approximately \$480 million in financial assistance in exchange for military and territorial denial rights for the United States. The results of the eighth referendum were more positive than those

of the constitutional amendment plebiscite a year earlier. Sixty-eight percent of Belau's voters accepted the compact. However, the Koror town voters, as usual, were the most critical of the agreement with a yes acceptance of only 54 percent. For a decade, Koror voters have been skeptical of the compact, and the center of this opposition has been two ecumenical groups made up mostly of women: the Catholic Women's Group, *Kltal-Reng*, a grass-roots movement organized in 1979 to lobby in support of the original nuclear-free Belau constitution, and *Otil A Belaud* which emerged in 1987 during the hostility of the furlough period. The ideology of both groups consists of three principles: to protect the sovereignty and sovereign identity of Belau; to protect the integrity of the Belau Constitution as an expression of self-determination; and to take a stance supporting a clean environment and opposing nuclear and military activities. In short, the women fear rapid cultural change and the United States military.

In addition to this hard-core ideological opposition, a quiet but effective political opposition emerged, led by Johnson Toribiong, who lost the presidential race in November 1992, and his core supporters. The development of such opposition is quite normal given the intense political competition and factionalism that characterize Belau politics. President Nakamura and his backers maneuvered adeptly in responding to and controlling tensions created by the opposition. The presi-

dent lined up support in the national congress and from the traditional chiefs and many of the state governors. For example, at a pre-referendum meeting in late October 1993 at the Belau Community Association *Bai* 'meetinghouse' on Guam, six national congressmen and a state governor from Belau spoke enthusiastically about the compact. The Nakamura administration actively supported the compact and a considerable amount of travel by executive and legislative branch leaders took place to campaign off island on behalf of the compact.

Despite Belau's approval of the compact in November 1993, the issue is not yet closed. In January 1994, women of *Otil A Belaud* (meaning "to set the anchor securely") filed three suits in Koror and on Saipan. Two suits were dismissed. However, two of the women, Isabella Sumang and Nancy Wong, *Otil A Belaud* members, gained the support of the Right Livelihood Foundation, London, and filed yet another suit with the US District Court in Honolulu. Their complaint was based on a strategy of attacking what they perceived as the weak environmental protections in the compact. The London-based foundation employed attorney George Allen, a specialist in environmental law, who has claimed that "penguins have more environmental protections than Palauans" (*Pacific Daily News*, 4 Mar 1994, 3).

This suit may have more merit than the previous ones. Allen claims that sections 162 and 163 of the Belau Compact release the United States from complying with the standards of the National Environmental Policy Act

of 1969. The compacts of the Republic of the Marshall Islands and the Federated States of Micronesia include specific reference to application of the 1969 Act. On the other hand, the relaxation of environmental protections in the Belau Compact vis-à-vis those of the two independent states was a negotiating initiative of former President Lazarus Salii in exchange for the numerous compact funding increases. For example, the investment fund was increased from \$60 million to \$70 million. The fact that the plaintiffs may not be able to demonstrate injury, together with the fact that a relaxation of environmental standards was mutually negotiated, agreed upon, and ratified by the Belau electorate may weaken the women's case considerably.

In July 1993 Belau began an ambitious national master development planning effort with nearly \$800,000 of funding support from the US Department of Interior and the United Nations Development Program. The planning work is being carried out by an Australian company, SAGRIC International Proprietary Limited, which is expected to submit its final report to the Belau National Congress, the *Olbill Era Kelulau*, in November 1994. The work is being done in conjunction with a special task force consisting of individuals from all levels of the Belau government and chaired by Moses Uludong, former governor of Ngchesar State and publisher of the *Tia Belau* newspaper. The major outcomes of the planning effort will consist of detailed action plans and recommendations for achieving sustainable economic, social, and physical

development of Belau to the year 2020; promoting private sector and national wealth creation; defining policies and procedures for management of resources of land, foreshore, and seas; achieving human resources development; improving physical infrastructure and support services; strengthening institutions and building capacity for planning and monitoring.

Although the planning effort is making good progress, the SAGRIC master planner, Dr Donald Townsend, was suddenly terminated in mid-June 1994 by his superiors at the company. There had been some tension between the master planner and the president's office early in 1994, when the government recognized it needed to prepare an Economic Development Plan. Such a plan is required by section 231 of the compact to assure economically effective expenditure of US funds, which during year one amount to some \$228 million. President Nakamura, in his State of the Republic Address of 12 April 1994, said that the two plans should complement each other. "The EDP covers our current status and economic goals related to CIP funding while the Master Plan [the United Nations-Department of Interior-supported effort] is to deal with broader issues through the year 2020." Nakamura sees the two plans as providing "a blueprint for a viable future." Be that as it may, some nagging long-term planning questions remain: What can be done to improve the low productivity of Belau's work force? How will individuals in Belau respond to the high inflation expected in the freely associated state period? How will

Belau respond to shortfalls in revenue—both local and from the compact—to cover growing costs of operations, maintenance, and development? Finally, what should Belau do about its poor loan pay-back record and the proliferation of small banks in Koror?

In 1994 both Congressman Ron de Lugo and Secretary of the Interior Bruce Babbitt visited Belau. Although the visits tended to be more symbolic than substantive, Babbitt's July trip addressed transition issues, indicating that implementation of the compact is getting serious attention in Washington, DC.

Since Belau's separation from the other political entities of Micronesia in 1978, the compact has been a divisive and controversial issue for the people. Roman Tmetuchl, Haruo Remeliik, Alfonso Oiterong, Lazarus Salii, Thomas Remengesau Sr, and Ngiratkel Etpison have all yearned to lead Belau out of its trust territory wilderness and into freely associated status. President Nakamura will, finally, realize the privilege. On 23 May 1994, he met with United States government officials, and both sides agreed that the Compact of Free Association shall enter into force on 1 October 1994. The following day, both governments announced the agreement in remarks before the United Nations Trusteeship Council, and a draft resolution terminating Belau's trust status was given limited distribution by the council. The draft's pertinent section states that the council requests "the Government of the United States, in consultation with the Government of Palau, to agree on a date on or about 1 October 1994 for the full entry into force of the Compact

of Free Association, and to inform the Secretary-General of the United Nations of that date." Significantly, the Secretary-General is requested by the resolution to circulate as official documents all material received from the Administering Authority pursuant to the resolution.

In addition to this United Nations Trusteeship Council resolution certifying that the United States has completed its obligations to the Belau Trust Territory as its administering authority, and the recent agreement between Belau and the United States on a date for entry into force of the compact, three other steps are required for the Belau-United States Compact relationship to be implemented legally and recognized internationally. President Clinton must certify to the US Congress that the compact was approved by the Belau government and people according to their constitutional processes and that there are no legal impediments to the ability of the United States to carry out fully its security and defense rights and responsibilities. Second, the United Nations Security Council must pass a resolution approving the dissolution of the Belau Trust Territory. Finally, President Clinton must issue a proclamation placing into full force and effect the Compact Agreement between the governments of the United States and the Republic of Belau. Given the completion of these formalities and the retirement of the two outstanding lawsuits, Belau will, after a century of foreign rule, regain its sovereignty as the world's newest freely associated state.

DONALD R SHUSTER

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

During the past year the frenzy over Article XII and the land alienation issue peaked, then came the campaign and gubernatorial elections. Federal authority over the internal affairs of the Commonwealth of the Northern Mariana Islands was an issue, as were relations with Washington in general, and the policies of the new administration.

Beginning in May 1993, preparations for the November election of governor, lieutenant governor, legislature, and a referendum on a new constitutional convention were already under way. For the first time, an incumbent governor was challenged for reelection by one of his own party. Governor Larry I Guerrero and Lieutenant Governor Benjamin T Manglona were challenged in a primary election on 29 May. Juan Babauta was the Washington representative at the time and, with Representative Tom Villagomez as running mate, was presented as a new, younger man untainted by traditional politics, who would do better than Governor Guerrero, especially in the area of federal relations. A third candidate, Senator Juan Demapan, ran as a dark horse Republican candidate. The combination of an overwhelming vote from Rota (home of Manglona) and a third candidate spelled doom for Babauta. Guerrero won the primary with a very narrow margin of about seven hundred votes, almost exactly the number from Rota. From that point on, the campaign between gubernatorial candidates became very personal.

The democrats, represented by former Washington Representative Froilan Tenorio and former Supreme Court Justice Jesus Borja, had no internal opposition after the primary and began their campaign by concentrating on the breakdown of relations with the federal government in Washington, the alleged \$30 million deficit, and suggestions of corruption in the Guerrero administration.

The Republicans countered by accusing Tenorio of not being committed to the Commonwealth of the Northern Mariana Islands because he owned no property in the islands and leased a home from a wealthy Japanese businessman. They also published in the local newspapers copies of the letters Tenorio had allegedly sent from Washington to the previous governor, Pedro P. Tenorio, several years earlier. These letters were very strongly worded and served to demonstrate a lack of courtesy and respect for the governor. As usual, the rumor mills ran rampant and scurrilous accusations flew in every direction.

Relations with Washington were at an all-time low under Guerrero. At issue were abuse of alien workers, garment manufacturing, taxation, resistance to federal oversight, and a running challenge to any exercise of federal authority within the commonwealth. At the same time it was claimed that the federal government owed the commonwealth hundreds of millions of dollars in 702 (Covenant) money. The United States Congress threatened that if the legislators did not clean up their act, Washington would take over control of immigration, eliminate preferential treatment

on garment imports, and cut all financial assistance. In the election, held on 6 November 1993, the people voted for a change; with 55 percent to 45 percent, it was not a clear victory for Froilan Tenorio, but it was enough. The mayors of both Rota and Tinian were replaced, a result contested for months after the election, but finally upheld by the courts.

In mid-1993, the issue of Article XII of the constitution, which limits land ownership in the commonwealth to persons of Northern Mariana Islands descent only, was at the forefront of all discussions. The article also requires that boards of directors of land-owning corporations registered in the Northern Marianas be of 100 percent Northern Mariana Islands descent (following an amendment in 1986 from 51 percent). Under the tutelage of legal counsel, several of the original landowners sued for the return of their land, even though millions had been invested by developers. In July and August, the fever was so high that Japan Airlines, owner of the \$100 million Nikko Hotel, threatened to pull out of the Northern Marianas and influence other Japanese investors to do the same. Even mainland Americans, who leased land for retirement and residential purposes (for the maximum of 55 years), were being sued by original landowners.

Public hearings were held; major corporations that were threatened, including Japan Airlines and DFS, as well as individuals, banded together to protect themselves; and local landowners were seduced by the thought of receiving millions in developed land if they should win their cases.

A compromise was reached when the legislature adopted Senate bill 8-124, which provided that in the event a developer or lessee was found to have violated the constitution without fraud or malfeasance, the landowner would have to reimburse the developer for the added value of the investment. The same bill limited lawyers' fees to \$700 per hour and prohibited contingency fees in land cases. It also established a six-year statute of limitations on filing cases against lessees on Article XII issues. Passage of this bill defused the tension on both sides.

Taking his own campaign promises seriously, Governor Tenorio wasted no time in instigating change, beginning by personally carrying draft legislation to amend the current minimum wage to the House of Representatives.

In reaction to strong criticisms from congressional committees and members about the cheap garments produced in the Northern Marianas competing with American production, Tenorio proposed an immediate increase in the minimum wage from \$2.45 per hour to the US minimum wage of \$4.25 for the garment industry alone by the end of 1994. All other sectors of the economy would have to comply by 1 January 1996. In a predictable outcry, the garment industry threatened to move out and leave the commonwealth with \$19 million less in annual government revenues. The legislature has refused to act on the bill. In the previous year, under the same pressure from Washington, the legislature had passed a bill raising the minimum wage from \$2.15 to \$2.45 in

1994, and by 40 cents per year until the US wage was met in 1999.

The next bombshell came on 17 March 1994, when Governor Tenorio released his executive branch reorganization plan, informing his own cabinet of the contents only the day before. Executive Order 94-2 eliminated many boards and commissions (including some that are required by federal agencies in order to receive grant funds, the Historic Preservation Review Board, Arts Council, and so on), divided the Department of Commerce and Labor into two departments (Commerce and Labor, and Customs and Immigration), dissolved the Personnel Office and parceled out its duties to several other agencies, and generally caused great confusion. (The first executive order, 94-1, prohibited executive agencies from using private legal counsel without the permission of the attorney general.) The Marianas Visitors' Bureau filed a lawsuit against the governor and won a partial victory when the court decided that the executive order had been improperly approved by the Senate and was therefore null and void. However, the same judgment found that the Marianas Visitors' Bureau was an executive branch agency and subject to the governor's reorganizing authority. Meanwhile, the House of Representatives filed a lawsuit against the governor, claiming that the order was a violation of his constitutional authority.

The new legislature soon began to have internal problems of its own. Elections for officers were held early in January, and President of the Senate Jess Sablan was elected to replace Juan Demapan. The Demapan group, now a

minority, was given very few administrative resources to work with, leading to much ill feeling.

The Senate (especially the Tinian delegation) incurred the wrath of the governor when it passed the House Joint Resolution disapproving his reorganization act. Immediately, the governor recalled several nominations of people from Tinian to cabinet-level positions. Subsequent press accounts cite the governor's displeasure at the Tinian delegation's action. Tenorio felt he had had a fair understanding with the Tinian senators that if they would approve the order (which required at least one House to approve it to become law), he would then appoint people from Tinian to cabinet-level positions.

To remedy the situation, the Senate minority of four (not aligned by political party), which sided with the governor and included one member of the former majority, reacted to Governor Tenorio's call for a special session by attempting to reorganize its leadership. The first attempt failed when a quorum did not appear. However, on Friday, 13 May 1994, a quorum of five did appear and elected a new slate of officers for the Senate. The new majority then proceeded to approve the reorganization plan by passing a simple Senate Resolution without recalling the previously approved House Joint Resolution that had already killed the plan.

Now the new minority of the Senate, led by former President Jess Sablan, is suing the new majority led by Senator Juan Demapan on the basis that they acted outside the official senate rules of procedure when they held

the unscheduled elections on 13 May. In the event that the Sablan faction prevails, all acts of the Senate between 13 May and the judicial decision could become null and void.

On the basis of the same procedure used by the Senate to approve the executive order, the Superior Court struck down implementation of the order and declared it null and void.

On Friday 24 June the Senate majority of five met and passed executive order 94-3 unanimously, assuring success for the governor's slightly amended reorganization plan fifteen minutes after receiving it from his office, and acting without any public hearing or input. They amended executive order 94-2 by putting Customs back into Finance. The Marianas Visitors' Bureau is appealing in court, and several other agencies have decided to contest the governor's order. As of this writing, the new reorganization plan will be implemented completely by the end of August, barring any setback in the courts. In the meantime, there is great confusion, because the order put new people in new positions and closed others. If the order is eventually declared null and void, does everybody go back to their old job?

The days prior to 15 June were packed with special events to commemorate the fiftieth anniversary of the invasion of Saipan. World War II veterans came back to Saipan to help inaugurate the American Memorial Park in Garapan and relive those days of June and July fifty years ago. While top federal officials were touring Normandy for the fiftieth anniversary there, no high-level American official marked the importance of the begin-

ning of the end of the Pacific War. Many veterans expressed their disappointment and the *Washington Post* ran an editorial about "The Other D Day." Perhaps the next anniversary, in August 1995, will have greater impact. That will commemorate the day the Enola Gay took off from Tinian to end the war.

One of the strongest criticisms of the new administration has been the proliferation of "special assistants" and "advisors." While the previous administration and the constitution provided for special assistants for Indigenous, Carolinian, Women's and Military Affairs, Governor Tenorio has added Filipino and Japanese Affairs. These positions were created ostensibly to reward campaign efforts by the two communities. The Filipino position is paid at \$3333 a month, but the incumbent is the Japanese manager of a tourist resort and is paid \$1 a year by the governor. Still lacking is a special assistant for "haole" affairs.

In addition, the governor has appointed several advisors on special contracts. One Washington-based advisor is contracted at \$5000 a month while in Washington and an additional \$1000 a day when on business outside Washington. Another Washington-based consultant is contracted at \$6000 a month only. In Saipan, a gubernatorial niece has been hired at \$8000 a month. For each of these, the job description is open, subject to instructions from the governor.

In his feud with the legislature over the legality of his executive orders, the governor was quoted as saying that if that body paid real money for real law-

yers, they would get better advice. This was not advice welcomed by the legislative counselors.

In June the US Congress agreed to a \$27 million appropriation for capital improvement projects for the next year, despite serious talk of cutting all appropriations because of the ongoing feud between Washington and the commonwealth.

A perennial problem for many years has been the relocation of the Puerto Rico dump, which has burned toxic materials, with the smoke blowing into the resort areas of Garapan, and exploded World War II munitions, killing a ragpicker and once sending a mortar round into the nearby Shell Oil generator room, narrowly missing a million-gallon petroleum storage tank. After the Guerrero-Manglona administration spent several million dollars excavating an alternative sanitary landfill site, just below scenic Suicide Cliff, opposition to the relocation (mainly from tourist-related enterprises) prevailed, and Governor Tenorio has ordered that a new site be found and excavated. Now two huge holes just under the cliff are monuments to the political whims of the commonwealth, and what has been called an ecological time-bomb continues to fester at Puerto Rico.

Although casinos have been legal on Tinian since the 1988 referendum, so far none has been licensed or built. The new municipal administration of Tinian has renewed efforts to attract investors, as yet without result. In the November 1993 election, the municipality of Rota, just north of Guam, rejected casino gambling as an economic enterprise.

At the end of June 1994, the governor had issued a new reorganization plan (executive order 94-3) to completely revamp the executive branch, liberally defined as all those agencies and departments that were not part of the legislative, judicial, or Washington representative's jurisdiction. He is again being taken to court by the Marianas Visitors' Bureau (which does not consider itself a part of the executive branch of government subject to the governor's reorganization authority) supported by the House of Representatives. In the Senate of the legislature, four senators are suing the other five for improperly holding elections for officers on 13 May. Several Senate employees are also suing the new leadership in federal court for alleged civil rights violations when they were abruptly terminated by the new leadership.

Six cholera cases were reported by the Public Health Department, which indicated that it was a relatively benign variety, and all were treated as outpatients. The cases were unrelated to each other, and the source of contamination is being sought. These are the first cholera cases reported in the islands since the epidemic in Chuuk about ten years ago.

The entry of United Airlines to the flight path to Saipan means more tourist entries from Japan, and hotels report a very high occupancy rate. No new hotels are under construction or planned for the near future.

A constitutional convention will be held sometime in the next twelve months. There are no restrictions on what can be amended, except that some provisions linked to the Cove-

nant would require mutual consent with the federal government to become effective. Otherwise, the field is open for complete revision.

Both houses of the legislature finally approved a budget of \$150 million for fiscal year 1994, which ends on 30 September. The new budget, which will have to be spent in just three months, gave the governor authority to reprogram up to 75 percent of any appropriated funds. It was assumed that this budget would be at least \$15 million more than the anticipated collection of revenues. However, it does mark the first time a budget has been passed since 1992. There is still no budget for fiscal year 1995, which begins on 1 October 1994.

SAM MCPHETRES

NAURU

The Dowiyogo government was forced to resign in September 1993 when Parliament voted in favor of an amendment to the 1993-94 Appropriation Bill. President Bernard Dowiyogo tendered his resignation saying that "the Committee of the House has passed an amendment which [is] tantamount to a rejection of the programme of the Government." However, Parliament reelected Dowiyogo on the same day it sanctioned the passage of the bill. The composition of the cabinet remained unchanged.

In the second reading of the bill, Minister for Finance Vinci Clodumar stated that "under these trying times, Government has two choices—stop and recess or keep marching forward. Your Government elects to march for-

ward within the concept of sustainable development because this country has no time to waste."

Briefly, the scenario of recent years remains the same: phosphate, the single finite export product and the island's mainstay for close to ninety years, is expected to be depleted within the foreseeable future. Notwithstanding the remaining lifespan of phosphate, the revenues it has generated have declined gradually over many years and reached an all-time low of A\$23,082,000 in 1991; a decline in the demand for phosphate, coupled with a drop in world price, resulted in a corresponding drop in exports.

The estimated expenditure for 1993-94 amounted to A\$96,583,000, while revenue was approximately A\$62,834,300. Revenue comprised dividends, received largely from the Nauru Phosphate Corporation, and loans and receipts from the provision of government services. Although the deficit was half that of the previous fiscal year, Clodumar urged a need to further reduce government borrowings and thus the national deficit. To this end, he outlined a government agenda that included optimizing the revenue capacity of government quasi-commercial services, such as telecommunications, Air Nauru, printing, and the Philatelic Bureau. The minister also urged Nauru to address issues regarding the establishment of alternative export-based industries to reduce the dependence on imports and improve self-sufficiency in at least some areas of food supply and agricultural produce. He alluded to the introduction of a tax regime, a future option the government should seri-

ously consider as an additional means of increasing revenue.

The drop in phosphate income brought unwelcome ripples throughout the national economic agenda. Clodumar pointed out that there has been a dramatic drop in real exports per capita to A\$3526 in 1991, a level well below the basic wage of A\$8065. Although there is a lack of information from which to derive the gross domestic product, a crude alternative using real exports per capita has been used by international organizations such as the Asian Development Bank to determine Nauru's status in relation to the rest of the world. The drop in phosphate exports spells a serious situation for Nauru, a country highly dependent on imports. In 1991, imports were valued at A\$19,210,000 against exports of A\$23,082,000. The minister warned that families used to an affluent lifestyle, created by the very high per capita income of the early 1970s into the 1980s, should start budgeting their incomes and expenditures so that they live within their means. The main sources of personal income are wages and salaries received, plus phosphate royalties, giving an estimated income per capita of A\$6,094 in 1992. In the circumstances, and compared with other countries in the region, Nauru had a very high activity rate of 57.6 percent in 1992, that is, the ratio of economically active persons to the total population over the age of fifteen years. Despite the financial constraints experienced over the last three years, this rate has continued to rise.

The year 1993 marked not only the twenty-fifth anniversary of independence, but also a change in

government priorities with respect to domestic development. To date, a large proportion of Nauru's resources has been channeled into various investment activities overseas. Two Boeing 737-400 aircraft were obtained by the government, which intended to sell two smaller aircraft from the Air Nauru fleet. Several facilities were upgraded: the telecommunication system obtained international direct-dialing facilities and expanded line capacity; the airport terminal building and the Meneng Hotel underwent extensive renovations; the Civic Centre complex and supermarket were given a facelift; and the airstrip extension was completed. A desalination plant was installed and working by the end of 1993, ending the saga of importing fresh water from Australia and other countries. Parliament House was ripped down during the last months of 1993, and construction of a new building began in June 1994.

During the latter half of 1993, Nauru hosted three major regional conferences: the twenty-fourth South Pacific Forum; the Asia-Pacific Parliamentarians Union; and the Pacific Islands Law Officers Meeting.

The twenty-five-year-old dispute over the rehabilitation of mined-out phosphate lands under the administration of the partner governments of Australia, New Zealand, and the United Kingdom was settled, with Australia compensating Nauru in the amount of A\$107 million in August 1993. In spite of the long years of association between Nauru and Australia, Paul Keating became the first Australian Prime Minister to visit Nauru to attend the twenty-fourth South Pacific

Forum. During his visit, he signed the Nauru-Australia Compact of Settlement, whose terms include the payment of A\$57 million cash. Under the Rehabilitation and Development Fund Cooperation Agreement, Australia will provide A\$2.5 million a year to Nauru for the next twenty years. The Joint Declaration of Principles covers matters such as civil aviation, access to medical and educational facilities, use of Australian currency, trade and investment, and certain development issues. The declaration also spells out the extent of the rehabilitation commitment between Nauru and Australia. In June 1994, a rehabilitation feasibility study began, and it is expected to be ready for presentation to the government in September 1994.

In June 1993, the governments of Nauru and India agreed that Nauru would withdraw from Paradeep, a joint-venture phosphate-fertilizer company based in India. By withdrawing, Nauru received a full refund of the invested amount of A\$63.8 million. Although the joint venture has been in operation since the early 1980s, the accounting value of Nauru's shares was virtually zero. Nauru is currently working to withdraw from a second phosphate-fertilizer joint venture with the Philippine government. For the first time, Nauru opted to invest in a musical that was previewed in London in June 1993, a departure from traditional investment activities such as financial undertakings and property development. The nature of the investment and subsequent travel arrangements to London were cause for grievance by a vocal minority. In late 1992, it was alleged that cash funds

from the Nauru Phosphate Royalty Trust Fund amounting to US\$60 million had been invested in a number of prime bank instruments around the world without the knowledge and consent of the government of Nauru. The fund, which invests the substantial

earnings from phosphate royalties, requires government approval for all investment arrangements. The investigation of the movement of funds continues, with approximately US\$4 million still unaccounted for.

JULIE OLSSON